AUGUST 3, 1964

EEC GRAIN PRICES UP

PARTNERS IN WORLD TRADE

CALVES IN CARTONS

THE UNIVERSITY OF MICHIGAN
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Including FOREIGN CROPS AND MARKETS

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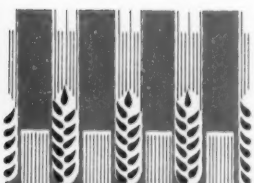

Drawing of rice stalks symbolizes the food grains featured in this week's issue—wheat, barley, and corn (p. 3) and rice (p. 7).

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EEC Grain Prices Up Since Start of Common Policy

By LYLE SCHERTZ
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One way of appraising the impact of the European Economic Community's common agricultural policy (CAP) on grains is to note the trend of the prices EEC farmers receive. Even though the EEC has not yet decided whether or at what levels to unify its grain prices, it is already clear that prices have changed—and mostly upward—since the CAP went into effect July 30, 1962. For the crop year just beginning, further increases may occur, particularly in the Netherlands.

In the first year of the CAP—1962-63—the average EEC producer price for wheat rose 7 cents a bushel; the next year (1963-64, the crop year just completed), it rose another 7 cents, to $2.70, or 5.3 percent above the average level for the year before the CAP.[1]

In four of the five producing countries, wheat prices to producers went up during the CAP's first year; Belgium's prices went down, but only by 1 cent a bushel. The next year, wheat producers in Belgium, France, the Netherlands, and Italy received prices significantly above both the previous year's and the pre-CAP levels.

Changes in producer prices for barley were like those for wheat, but generally larger. In four of the five countries, prices increased for the CAP's first year; Belgium was the exception, with a 4-cent-per-bushel decline. But the price jumps of 13 cents in France and 15 cents in West Germany pushed the weighted EEC average 12 cents, or 7.4 percent, above the $1.65 level of the year before the CAP.

The next year, producer prices for barley dropped in France, West Germany, and Italy, but remained above pre-CAP levels. They slipped below those levels in Belgium and the Netherlands. The weighted EEC average was $1.69 per bushel, 4 cents above the pre-CAP average.

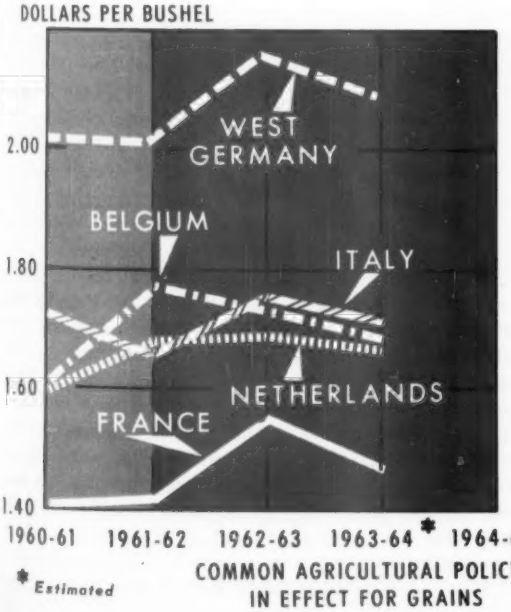
Judging from the "administered" prices announced thus far by the various countries for 1964-65—target, threshold, and intervention prices — further increases in producer prices may occur during the coming year. Prices in the Netherlands will very likely increase; in France, however, there may be a decline because of the larger deductions paid by farmers.

Significant changes have already been announced for the Netherlands. The wheat threshold price (minimum import price adjusted for quality) is to be increased from $2.68 a bushel to $2.86, the same level as that proposed for the whole Community by Sicco Mansholt, the EEC Commission's Vice President, in his plan of November 1963.

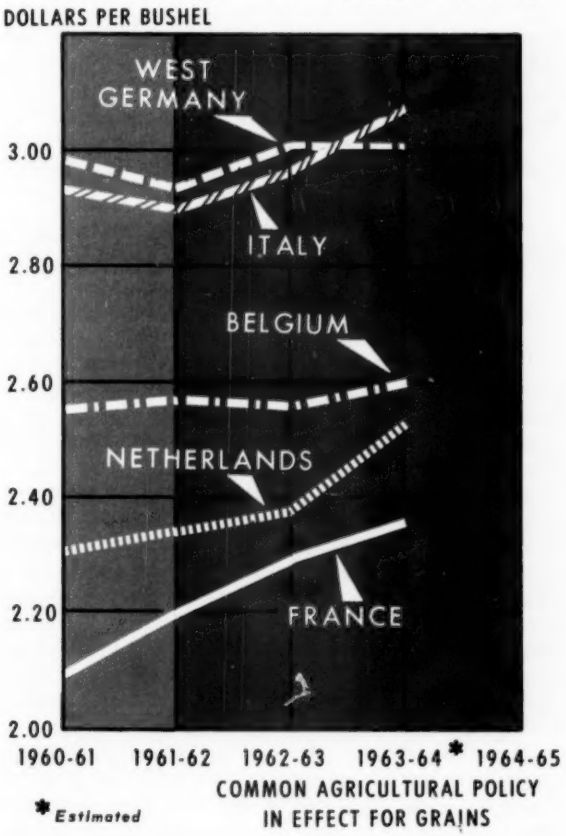
The Netherlands is also raising its threshold prices for

[1] Prices used were annual average producer prices, weighted by 1962 production, for each of the five Member Countries except Luxembourg (where grain production is extremely small). Country prices in 1963-64 were based on simple August-April averages for Belgium, France, and West Germany and on August-March averages for Italy and the Netherlands, compared with averages for the same months in 1962-63.

BARLEY: EEC Producer Prices



SOFT WHEAT: EEC Producer Prices



coarse grains—that for corn, by as much as 15 cents a bushel, but in three successive increases of 5 cents each on July 1, August 1, and September 1. These prices will still, however, be well below those proposed by Mansholt; corn will be 32 cents below, and barley, 16 cents below.

The Netherlands plans to employ monthly seasonal price rises ("escalations") for coarse grains, such as have been in effect already there for wheat and have also been used generally in other Member countries. These rises reflect storage costs during the marketing year.

Belgium has increased some of its coarse grain prices, but only slightly. It has left its wheat prices unchanged, as has West Germany.

Italy has announced unchanged soft wheat prices and slightly higher barley and oat prices, but has not yet set its corn threshold price. Its threshold price for durum, however, is up 13 cents a bushel. In addition, the Italian Government has obtained permission from the EEC Council for a year's extension of its supplemental wheat levy, under which additional import charges are placed on Italian imports of "quality wheat." The coverage of this levy was also extended to U.S. Hard Winters 1 and 2, the major components of U.S. wheat exports to Italy. This action will tend to protect domestic wheat producer prices.

In France, the threshold prices for wheat and barley were increased somewhat, but France, like Italy, has not yet announced its corn threshold price. The French made other adjustments in their price structure, however, which suggest possible declines this coming year in French producer prices. For example, the minimum wheat "support" price available for French producers in the surplus wheat-producing areas dropped between 9 and 17 cents per bushel; for barley, the drop was 7 cents. Increased deductions for delivery costs and export subsidies account for this change. Actual changes in producer prices will depend not only on these deductions but also on such things as crop production, exports, and the quantity of wheat denatured—all factors influencing the level of market prices in relation to target and intervention prices.

EEC GRAIN THRESHOLD PRICES, 1963-64 AND 1964-65

Country	Wheat		Barley		Corn	
	1963-64	1964-65	1963-64	1964-65	1963-64	1964-65
	Dol./bu.	*Dol./bu.*	*Dol./bu.*	*Dol./bu.*	*Dol./bu.*	*Dol./bu.*
Belgium	2.70	2.70	1.78	1.82	1.95	1.97
France	2.66	2.67	1.75	1.76	2.23	[1]
West Germany	3.25	3.25	2.28	2.28	2.65	2.65
Italy	3.07	3.07	1.43	1.46	1.63	[1]
Netherlands	2.68	2.86	1.72	[2]1.83	1.87	[2]2.03
All EEC (under Mansholt Proposal)	--	2.86	--	1.99	--	2.35

[1] Not available. [2] Effective Sept. 1.

India's New Government Seeks To Curb Runaway Food Grain Prices

When India's Prime Minister Lal Bahadur Shastri took office on June 9 this year, the No. 1 problem his new government faced was the continued upward sweep of food prices, especially for grains. By the end of May, despite a brief downturn that followed the spring harvest, grain prices had reached their highest level of recent years. Since then, they have gone on rising.

The supply shortage reflected in these high prices appears to be more than a seasonal maladjustment. For the past 3 years, India's food grain production has remained virtually static, while its population has increased by more than 30 million. Another element putting pressure on food prices may be that there is more money in the urban worker's pocket without a matching increase in consumer goods to spend it on. The amount of money in circulation has increased by about 10 percent in the 12 months ending April 1964.

The supply shortage problem has been emphasized by "slow down" strikes among port workers, which have reduced the wheat that could be offloaded. Some merchants and food grain producers also are withholding supplies from the market in anticipation of still higher prices later.

A key factor in the picture is the status of the government's stocks of wheat and rice. These stocks, besides providing overall psychological support to a country that has had many experiences with famine, serve also the purposes of stabilizing prices, ironing out local supply shortages, and helping the government draw forth hoardings of food stocks from the hands of private traders. Most of the stocks are in the custody of the Central Government, with State Governments holding lesser amounts. Sources of the stocks are imports and—for rice—some procurement from domestic production. State and Central stocks combined are today the lowest they have been since July 1961. For wheat especially, drawdowns from Central stocks have been exceptionally heavy—over 100,000 tons in most weeks—more than offsetting the quantity brought in through purchases by the States.

As total stocks have declined, some of India's geographic areas have become worse off than others, for transportation shortcomings make it difficult to shift grain supplies.

Now, with the government's stocks of wheat at very low levels and rice in short supply in key areas, the new government is trying to increase imports of wheat and rice so that larger quantities can be released from State and Central godowns to areas that need them. This increased flow into distribution channels, the government believes, would encourage hoarders to release their stocks.

Difficulties in the way of larger wheat imports are inadequate port handling and inland transportation facilities. In the past, scarcities of wharf berths, railway wagons and trucks, and storage capacity have limited the amount of grain that could be imported and stocked. At present, however, there are empty grain storage warehouses available.

The current outlook is that the food grain situation will continue to be difficult, at least until the fall-harvested crops reach the market in November of this year. If the government succeeds in increasing imports and has not overestimated the quantity of grain that this increase will coax out from hoarded stocks, it may be able to hold prices at about the current levels until that time.

As usual, the important unknown is the adequacy of the monsoon. Widespread and well-distributed rains in August and September would improve prospects for the fall and winter harvests and encourage rice traders and farmers to reduce their carryover stocks before the arrival of new crops onto the market.

HORACE J. DAVIS
U.S. Agricultural Attaché, New Delhi, India

Agriculture and Industry: Partners in World Trade

Secretary Freeman tells Californians why separate negotiations for industry and agriculture at Geneva would be a mistake, against the best interests of both.

American agriculture has just succeeded, once again, in breaking all previous export records. During the 1964 fiscal year that ended June 30, agricultural exports of the United States reached an alltime high total value of $6,115,000,000.

This means that our agricultural exports have been expanded by 20 percent in 1 year's time. They are now running at a rate 35 percent higher than they were 4 years ago. For this accomplishment, credit goes to the farsighted programs and the closely knit teamwork of thousands upon thousands of people in government and industry.

The producing and exporting of agricultural products has become one of our Nation's big enterprises. In fact, the $6.1-billion agricultural export figure of 1964 is equal to the value of all the gold that has ever been mined in California from the famous Sutter's Mill discovery in 1848 up to the present time—plus an additional 50 percent.

Trade statistics such as these are indicators of bustling economic activity which benefits all of us. In agriculture, they represent one out of every 4 acres of the Nation's cropland producing for export. In industry, they represent thousands of processing plants preparing products for export . . . thousands of trucks and railroad cars moving products to ports and docks . . . hundreds of cargo ships on the seven seas. They represent an economic chain reaction that begins with more income on the farm and provides jobs and paychecks for thousands and thousands of people throughout the whole economy. And they reflect a welcome deposit to our international balance of payments account . . . a solid one-fourth of the Nation's total earnings from the sale of merchandise abroad.

Maintaining our markets

It is of critical importance to maintain the level of exports we have now achieved—and more, to make certain that our trade will expand to meet future needs generated by world population growth, by the creation of greater buying power through economic development, by the inevitable demand for better and more varied diets in less developed countries of the world. The question is: Can we do so?

We can and we will. Liberalization of the rules of trade among the nations of the world will offer American agriculture, with its unmatched efficiency, opportunities unlimited.

To this end we are determined to do everything within our power to bring about a general relaxation of international trade barriers and a freer flow of commerce between nations. We are backed up in this determination by the Trade Expansion Act of 1962, one of the most significant pieces of trade legislation in our history, which opens the door to world negotiations of a kind and on a scale never before possible.

Strengthened by that Act, we are now engaged in Geneva in the Kennedy Round of negotiations under the General Agreement on Tariffs and Trade. The outcome of these discussions will have implications of the utmost importance for this State, for this country, and for the world.

Three important questions

Most thoughtful people agree that the general reduction of trade barriers being sought in the Geneva give-and-take would have a healthy worldwide effect. But along with this agreement in principle, certain questions have arisen. Among them are three questions especially pertinent to agriculture. These are:

Why should the GATT negotiations on industrial products and agricultural products be linked together?

Are difficulties regarding agricultural trade holding up the whole negotiations?

What is agriculture's real stake in the trade liberalization negotiations?

Single-package approach essential

With respect to the first—the link between industrial and agricultural negotiations—we insist, in the GATT negotiations, on a single-package approach for all items, industrial and agricultural, because we believe that separate negotiations would be unnatural and mutually harmful.

This is the official position of the Government of the United States. The Congress made it clear in provisions of the Trade Expansion Act, and in the legislative history leading to its passage, that the negotiations must include agriculture. The President and his Special Representative for Trade Negotiations, Governor Christian Herter, have affirmed this position.

Why have we taken this position? The reason is simple and logical: Foreign trade takes place because of mutual advantage. Someone in Japan finds it advantageous to import California lemons; someone in the United States finds it advantageous to import Japanese transistor radios. Our importers buy wool from Australia; Australia buys airplanes and parts from us. We sell cotton, or rice, or feed grains to West Germany; Germany sells Volkswagens to us. By its very nature, trade is a mixture of agricultural products and industrial products, and we are introducing an artificial separation if we try to negotiate trade relations other than as a mixed package.

Many of our important trading partners feel the same way. Australia, for example, imports large amounts of industrial products which it needs in building its expanding economy. It pays for these industrial imports with agricultural exports.

This mixed-package trade pattern is repeated in other countries—among them New Zealand, Argentina, Brazil, South Africa, Canada, and practically all of the less developed nations. These countries could not participate effectively in negotiations in which agricultural products and industrial products were separated. For them, the negotiating field would be narrowed to a point where it would

Excerpted from an address by Secretary of Agriculture Orville L. Freeman at Commonwealth Club of California, San Francisco, July 24.

lose its usefulness. And without participation of these countries, the negotiations would lose much of their usefulness for the United States as well.

We tend to think of the negotiations in terms of our trade with the 6 countries of the European Economic Community, the 7 countries of the European Free Trade Association, and Japan. These countries are important but we also must keep in mind that of our U.S. dutiable imports of $10.7 billion in 1963, less than half (47 percent) originated in these highly developed countries, and of our total exports of $21 billion, only somewhat more than a third (37 percent) were sent to them. The other countries of the world are highly important to the United States too. They are increasingly important markets for our products.

It is clear, therefore, that separate negotiations for industry and agriculture at Geneva would be a grave mistake and inimical to the best interests of both.

The U.S. as a buyer of farm products

Before I go on to respond to questions two and three let me set down quickly several background facts about agricultural trade that are significant but often overlooked. First, some important facts about imports:

The United States is not only the world's largest exporter but also the world's second largest importer of agricultural products. These purchases help the supplying countries to get dollars for the purchase of American industrial goods. This is possible because, contrary to widespread myth, the United States is not protectionist in our agricultural trading policies. We are, in fact, less protectionist in our agricultural trading policies than any other important trading nation. While it is almost impossible to measure protectionism with precision, a recent careful study concluded that only about one-fourth of our agricultural production is protected by non-tariff trade barriers as compared with half, three-fourths, and even 100 percent agricultural protection on the part of many of our major trading partners.

In addition, U.S. tariff barriers on agricultural products are low. About half of our total agricultural imports come in duty-free. For the rest, the ad valorem equivalent of all duties averages 11 percent; and the ad valorem figure for all agricultural imports, free and dutiable, averages 6 percent.

As a result, we import many competitive agricultural products in which, if our nation followed a highly protectionist policy, we could become virtually self-sufficient. We have chosen not to do so, and American industry, through increased earnings by its foreign customers, profits by that decision.

Farm trade balance favorable

But this doesn't mean that agriculture has lost. Quite the contrary. Despite our liberal import policy, the net agricultural trade balance of the United States is highly favorable. Agricultural export sales for dollars these past 12 months amounted to $4.6 billion; imports of competitive agricultural products amounted to about $2.3 billion. This is a favorable ratio of commercial agricultural exports over competitive agricultural imports of 2 to 1.

Second, American agriculture is contributing to American industry's ability to export in another way often overlooked. This is in holding down food prices. The American worker, in terms of amount of food he can buy for the amount of time spent earning it, is getting the best food bargain in the world. This stability in food costs is favorably reflected in stability of wages which, in turn, is reflected in industry's costs of production and ability to compete in the world market.

Solution possible to agricultural problems

Now turning to the second question about the Kennedy Round—whether agricultural problems are holding up the negotiations—the answer is that they are not, so far as American agriculture is concerned. There are problems in the agricultural area, of course, but there are problems elsewhere as well. We think the problems in agriculture are possible of solution and have made proposals to solve them. We are prepared to negotiate and stand ready to negotiate. We insist, however, that to maintain the link between industry and agriculture, we must make progress concurrently in both areas.

It is true that much work remains to be done in firming up the negotiating rules, especially in the agricultural sector. The United States is prepared to sit down with the other GATT countries and draft those rules.

It is a matter of common knowledge, of course, that the European Economic Community—one of the giants at the bargaining table—is wrestling with knotty problems relating to a common agricultural policy, and particularly to grain prices inside the Common Market. This is a matter of concern to us as well as to other agricultural exporting countries, but essentially it is an internal problem for the Community. We have made it clear that we expect the negotiations to result in more liberal trade patterns for agricultural products, with unimpaired access to traditional markets, and that we are prepared to negotiate with them at any time on this basis.

Agriculture's stake is the greater

Finally, with respect to the third question regarding agriculture's stake in the trade liberalization process, it is not an overstatement to emphasize that agriculture's stake is even greater than that of industry. The simple fact is that the farmer depends more heavily on export markets than any other major segment of American producers. Fifteen percent of the American farmer's output goes to market abroad, compared with 8 percent of our industrial output. Thus it might be said that agriculture is twice as dependent on foreign markets as is industry.

Or, to use another indicator, of more than 300,000 manufacturing firms in the United States, about 12,000 are engaged in foreign trade. Of the 1.6 million commercial farmers who produce 90 percent of our total agricultural output, practically every one is producing for the export market since some portion of his crop is more likely than not to end up in international channels of distribution.

Moreover, agriculture is in the vanguard of America's increasing productive genius. American farmers produce more food and fiber than the people of this country can consume—or usefully contribute to the needy at home and around the world. We fill all domestic commercial needs, donate food totaling three-fourths of a billion dollars to the needy at home, provide $1½ billion worth for our Food for Peace Program—and still have an estimated 25 percent of unused agricultural capacity.

American industry likewise has unused capacity. But, because agricultural productivity has accelerated more rapidly than industry in recent years, it is the sector of

(Continued on page 16)

Philippine Rice Imports Continue Their Upward Trend

The Philippine Republic is having to depend more and more on rice imports to meet the needs of its expanding population. This year that dependence has become especially pronounced, owing to a poor crop and the exhaustion of supplies from the 1962-63 outturn and imports.

Thus far in 1964, the Philippines has negotiated agreements to import 300,000 metric tons of milled rice—nearly 50,000 above the previous record of 256,000 in 1963. And even more imports may be needed to carry the country over the low-production months of July through September. Government approval is necessary, however, for any additional purchases.

So far this year, the Philippines has imported from the following countries: Thailand, 115,000 tons; Burma, 100,000; the United States, 75,000 under Title I of P.L. 480; and Cambodia, 10,000. These purchases compare with those in 1963 of 110,000 tons from Burma, 86,000 from South Vietnam, and 60,000 from Thailand.

Weather reduces crop

The Philippines, which in recent years has been plagued by declines in acreage and production, had a very poor rice crop in 1963-64—2,275,000 metric tons, milled, compared with the low outturn last year of 2,529,000.

This reduction was largely the result of extensive weather damage. Early in the season three typhoons caused flooding, which badly damaged seedlings in the important Luzon rice-growing area. Later, drought occurred in the Luzon and in the Mindanao region.

PHILIPPINE RICE PRODUCTION AND IMPORTS, 1951-64

Year [1]	Acreage	Yield per acre	Production Rough	Production Milled [2]	Net imports
	1,000		*1,000*	*1,000*	*1,000*
Average:	*acres*	*Pounds*	*m.t.*	*m.t.*	*m.t.*
1951-55	6,264	1,054	2,995	1,947	59
Annual:					
1956	6,777	1,065	3,273	2,127	42
1957	6,840	1,078	3,346	2,175	62
1958	7,794	906	3,204	2,083	231
1959	8,227	987	3,684	2,395	6
1960	8,170	1,009	3,739	2,430	[3]—2
1961	7,902	1,034	3,705	2,408	9
1962	7,856	1,097	3,910	2,542	31
1963	7,812	1,099	3,890	2,529	256
1964	7,733	1,001	3,500	2,275	[4]300

[1] Production is of the crop year harvested just before and in the first part of the calendar trade year shown. [2] Rough rice converted to milled at 65 percent. [3] Net exports. [4] Purchases up to June 30.
Compiled from official statistics and attaché estimates.

Also, there has been a shifting of acreage from rice to other crops, mainly sugarcane and coconuts. While rice acreage dropped about 80,000 acres in 1963-64, sugarcane acreage rose about 110,000. It is believed that about 75 percent of this new cane acreage was formerly in rice.

Prices spiral in early 1964

At the beginning of 1964, it became apparent the harvest was poor and that supplies of the 1963 imported rice were exhausted. As a result, prices began to rise, increasing sharply in January—the month when they are customarily at their lowest point. Speculation became heavy and buying from producers, more competitive. By February, prices received by farmers had increased 25 to 30 percent over the levels for the year earlier; and wholesale and retail prices were surging to new heights—even higher than the peak 1963 levels.

PHILIPPINE RICE PRICES

Year and quarter	Wholesale (milled) First-class Wag	Wholesale (milled) First-second-class Macan [2]	Retail (milled) First-class Wag	Retail (milled) First-class Macan	Rough rice [1] price to producers
	Dol.	*Dol.*	*Cents*	*Cents*	*Dol.*
1962	*per cwt.*	*per cwt.*	*per lb.*	*per lb.*	*per cwt.*
Jan.-March	7.06	4.32	7.8	5.2	2.67
April-June	6.94	4.57	7.7	5.4	2.90
July-Sept.	6.84	4.85	7.6	5.6	2.95
Oct.-Dec.	6.63	4.59	7.3	5.5	2.91
1963					
Jan.-March	6.95	4.75	7.5	5.6	2.88
April-June	7.30	5.24	7.9	6.0	3.42
July-Sept.	6.89	5.85	7.9	6.6	3.48
Oct.-Dec.	7.62	5.68	8.3	6.7	3.35
1964					
Jan.-March	8.14	6.05	9.2	7.0	3.66

[1] Ordinary common variety (Macan) delivered Cabanatuan, Nueva Ecija, the principal marketing center for rough rice. [2] Average price.
Philippine Bureau of Commerce.

These inflated prices continued through the first half of the year; their behavior in the second half will depend largely on the government's distribution of the new imports. If the imports are distributed efficiently, to the proper areas, at the right time, runaway prices will probably be prevented. But if efficient distribution is not achieved, the prices will not be materially checked.

Government attempts to boost output

In January of this year, the government decided to do something about the mounting shortage. That month, the administration announced a crash program to increase rice production. The goal was to produce from January to June 1964 about 300,000 tons of milled rice on approximately 500,000 selected acres.

Government agencies were to supervise and assist growers, who would have the advantage of improved irrigation facilities and such farm methods as additional use of fertilizers, farm chemicals, and certified seed.

To date, a negligible portion of this acreage has been planted and on an experimental basis only. Government assistance has been limited mostly to supervision. However, early reports from the few producing areas indicated favorable harvesting results.

Currently, it appears that the Philippines—already one of the largest rice importers in Southeast Asia—will have to continue to increase imports. To meet domestic requirements in the coming year alone, it will have to up rice production by about 20 percent. Under present circumstances this is unlikely. The government's crash program will require at least 2 to 3 years to become significantly effective. In addition, the shifting of rice acreage to other crops may continue, though at a slower pace, possibly preventing expansion in rice acreage.

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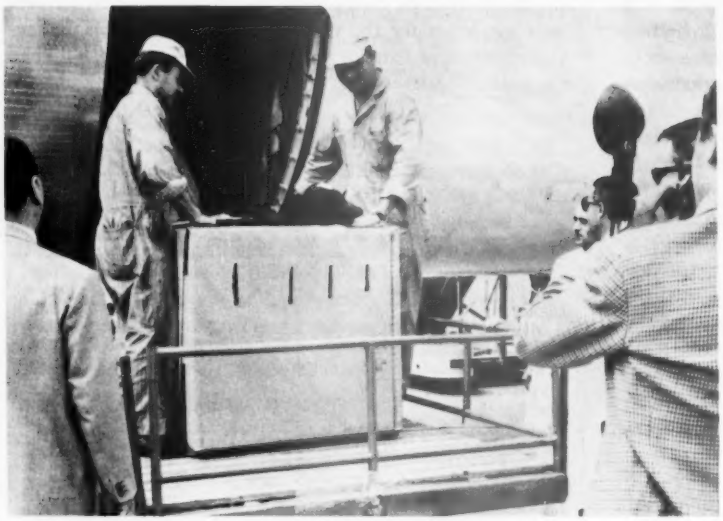
Grain and Feed Division



Top left, cartoned calves arrive in Milan, and top, are led from cartons.

Shipment of U.S. Calves in Cartons to Italy May Spark Export Trade in U.S. Veal Calves

Last month's successful trial of calf cartons—a new technique for airlifting U.S. calves—points to sizable exports of U.S. veal to Europe, provided air transport rates can be lowered to make U.S. livestock competitively priced. The experiment also opens up new possibilities for worldwide exports of U.S. breeding calves.

Three 20-day-old Holsteins were placed in two specially constructed cartons aboard a passenger jetliner and flown nonstop from New York's Kennedy International Airport to Milan, Italy—a distance of 4,000 miles.

Though fatigued from the six-and-a-half-hour trip, the calves arrived in "an excellent state of health" according to Milan's Veterinary Office. "The cardiac tune did not present anomalies nor were the circulation and breathing systems affected," the report said.

This came as good news to the U.S. livestock industry which has questioned whether delicate calves not yet weaned could withstand confinement for any length of time, much less cartoned in the hold of a jetliner traveling at 600 miles per hour.

Also well pleased with the test shipment was the Italian importer, who now wants to make sizable purchases of U.S. calves-in-cartons under a letter of credit recently opened in an Italian bank. Europe's meat shortage which began early this year has set off a global search for all types of meat, but traditionally the consumer preference is for veal—the meat of milk-fed calves which, in Europe, are slaughtered at 1 to 3 months of age.

What may break the ice for this first large commercial sale of U.S. veal calves to Italy—and to other European countries—is a proposal before the International Airlines Traffic Association to set special reduced rates for calves shipped in cartons on regularly scheduled airliners.

A lower rate for the first time would put U.S. veal-on-the-hoof in Italian markets at prices competitive with those of both locally produced and other imported veal calves.

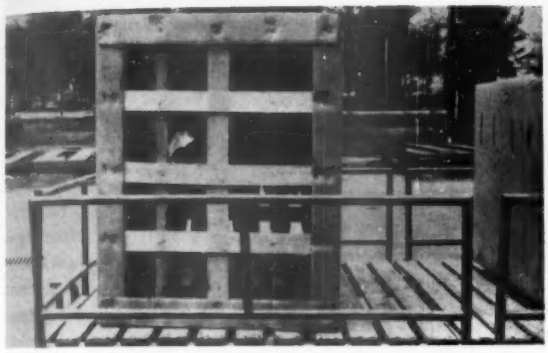
Though the Italian Government recently moved to suspend the customs duty on all non-EEC cattle weighing less than 750 pounds, exporting U.S. baby calves by air has been considered unprofitable because of the cost to airlift them.

The airline industry may now decide that calf cartons provide a unique opportunity to benefit from the growing market for meat in Europe. In addition, cartons provide a convenient and economical way to airlift livestock. Inexpensive construction permits one-time use of the cartons, unlike the conventional livestock pens which after a shipment must be disinfected, packaged, and flown back to the point of origin under the standard freight rates.

When shipped in a passenger plane, calves in cartons require no special care or handling, can be easily moved on pallets like any other cargo. Finally, the airport can do away with elaborate facilities to hold and feed the animals prior to shipping.

The cartons, made of a patented heavy-duty cardboard, were developed by a Long Island, New York, paper manufacturer working closely with a number of individual airlines and the USDA.

A few days before the calves embarked for Milan, the manufacturer submitted two types of cartons to the USDA's Animal Inspection Quarantine Office at Kennedy Airport to undergo a series of tests. According to regulations for "humane handling of animals," the crates transporting animals must meet specifications for strength and durability and should provide sufficient space and ventilation for the animals' comfort.



The two types of cartons: Top left, attendant shows space available in open-top type, and, left, the slatted type permits stacking for larger shipments. Above, Italian veterinarian examines the arrivals to see how they have withstood flight and confinement.

One carton, open at the top with air-vents on all sides, was designed specifically for small shipments which would not require stacking cartons one atop the other. The second version, built for stacking, had wooden slats on two sides, cleats on the underside for box separation, and stood a few inches taller than the topless box—all of which would provide for better ventilation. (In the actual flight, both types of cartons were tried, with two calves in the slatted version and one in the open-top type.)

For the test, calves were placed in the cartons for varying periods of up to 18 hours—the longest possible time they might remain in cartons during the test shipment. The only deficiency found in carton construction—moisture deterioration of the bottoms—was easily corrected by inserting a double thickness of cardboard, treated with water-repellent chemicals.

In other respects, the cartons held up well. It is estimated that a single stack-type carton could support the weight of at least 30 others, each containing a pair of 100-pound calves. Ventilation was found adequate, and the surface area of the cartons—measuring 10 square feet (40 x 36 inches)—more than complied with a code which says two 115-pound calves like those used in the trial shipment need a minimum of 6.5 square feet.

Some modifications in carton design are expected when the concept has been tried with larger shipments. For example, in the slatted-type a border may be needed at the base of the two open sides to keep straw and manure inside the carton; more ventilation may be needed.

USDA officials also see a big potential for calves-in-cartons as a cheaper and more practical means of exporting U.S. breeding calves, providing market development can sell the advantages of calf-raising to foreign producers. Using the expensive conventional shipping methods, producers have been reluctant to invest large sums in calves when they could import mature cows whose potentials as milk or beef producers have already been proven.

With the advent of cartons, the buyer can well afford the risk involved in getting unproven stock. Calves cost less to buy as well as to ship, about one-sixth the cost to transport a full-grown animal. Instead of spending $1,000 on a mature dairy cow, the importer could get five or six calves, of which four or five may give as much milk as the proven cow.

The calf outlook is especially promising in Latin America, Europe, Asia, and the Far East.

In Latin America, U.S. calves—if intensively promoted—should be able to gain a foothold with relative ease, since other world cattle exporters offer only token competition in what has long been the principal market for U.S. breeding stock. Last year, 70 U.S. breeding calves were exported to Venezuela and the buyer is reportedly pleased with the way the cattle adapted to environmental conditions.

In Europe, U.S. calves in cartons may pave the way to the first sizable U.S. cattle exports to this area, where stiff competition comes from Denmark and the Netherlands.

An European cattle producer could probably increase his net profits by importing a 100-pound U.S. calf for breeding, which costs only around $50 to airlift and—when raised to maturity—may produce 30 percent more milk per year than many European breeds.

In Africa and the Far East, the new technique may permit the U.S. cattle industry to open up new markets. The big problem selling these countries in the past has been the scarcity of foreign exchange, which virtually rules out the purchase of a $1,000 animal though not necessarily a $200 baby calf. Another problem has been lining up enough orders to warrant the chartering of an airplane. Now, however, a single calf can be sent to any country that is serviced by passenger airlines.

First All-Soybean Exhibit

U.S. Firms Sign Up for Tokyo Trade Center Show

Six of the United States' leading soybean processors and exporters will exhibit a complete line of soybeans and soybean products at the Tokyo Trade Center's first all-soybean show, August 24-September 11.

Rounding out the show, and expected to contribute to its impact on Japanese trade interests, will be participation by Hy-Line Poultry Farms and the Port of New Orleans.

Hy-Line, which earlier this year won the Presidential "E" Award for achievement in expanding U.S. agricultural exports, will demonstrate the value of soybean meal in poultry feed.

The Port of New Orleans, which ships 40 percent of the U.S. soybeans going into world trade, will feature its modern storage, handling, and port facilities. This is the first time the Port has been in a Trade Center event.

To get special emphasis at the show are such soybean protein concentrates as soybean flour, soya grits, and flakes. Food industry utilization of these products—which greatly increase protein content of breakfast foods, noodles, bread, macaroni, soups, and baby formulas—is catching on, and according to 1963-64 estimates, is nearing the 79,000-metric-ton target set by the Japanese American Soybean Institute.

Participating U.S. companies, or their Japanese agents, will also focus attention on other soybean-derived products for human consumption such as soybean oil, miso, tofu, natto, shoyu, and soybean meal for livestock feeding. They are: Central Soya Co., Inc., Chicago; Pacific Grain Co., Farmer City, Ill.; Gurley Milling Co., Selma, N.C.; Archer-Daniels-Midland Co., Minneapolis; Loma Linda Foods Co., Riverside, Calif.; and Tabor and Co., Decatur, Ill.

Good response has been received from invitations sent out earlier to major Japanese soybean importers, nutritionists, and food trade members.

The Seminar—to run for 12 days beginning August 24—will feature talks by five U.S. soybean experts as well as demonstrations on the uses of soy products in human foods, to be given by a U.S. soybean nutritionist.

Clerks Study Cotton Selling

Just completed in Canada, Japan, and Switzerland is a series of courses in retail sales training—a mainstay of cotton market development programs being carried on in 16 countries by Cotton Council International and FAS.

A total of 1,500 retail sales clerks from various cities attended the courses, presented by a cotton industry group in each of the three countries.

How to better merchandise cotton products was taught principally through lectures, educational films such as the "Wonderful World of Cotton," and question-and-answer periods.

Teaching aids and instructors for these and other training courses planned this year are provided by CCI.

Feed Grains Team From Spain Concludes First Tour of U.S.

A feed grains team from Spain last week wound up a 20-day inspection tour of the U.S. feed grains industry, the first such trip to be made to this country by Spanish feed grain interests.

The three-man team—representing the Spanish Ministry of Commerce, Spain's biggest farm cooperative, and a leading mixed feed manufacturer—came at the invitation of the U.S. Feed Grains Council which sponsors market development in that country in cooperation with FAS.

The group arrived on July 12 for briefing by USDA grain officials in Washington, then on to New Orleans where the team inspected U.S. port and export grain facilities.

The itinerary next took them to Texas, Iowa, and Minnesota for first-hand observation of U.S. feed grain production and handling, seed breeding and research facilities, livestock farms, the Minneapolis Grain Exchange, and Mississippi River port facilities. Concluding the trip were conferences with grain exporters in New York City.

U.S. feed grain exports to Spain, seventh largest buyer, have more than doubled since 1960-61 with sales in fiscal 1964 expected to reach 1 million metric tons, nearly all for dollars.

Market Opportunities for U.S. Seeds Sighted in East Africa

A market opportunity for U.S. garden and forage seeds in East Africa has emerged from that area's ban on trade with South Africa, long the major source for East African nations.

Importers are looking for new sources and U.S. seed sales are rising, according to the U.S. Agricultural Attaché who covers Kenya, Tanganyika, Uganda, and Zanzibar.

Kenya, largest importer of seeds in the area—about $112,000 annually in hard currency — bought over four times as much U.S. seed in 1963 as in 1959, before the ban began to go into effect. Value of imports from South Africa fell in the same period.

Exporters to the area are required to conform to strict quarantine regulations. Shipments in many instances must be accompanied by a U.S. (not State) phytosanitary certificate attesting to freedom from apparent disease and insect infestation. Import permits must also be issued to the shipper.

Information on these import requirements can be obtained from Export Certification and Transit Inspection, Plant Quarantine Division, Agricultural Research Service, USDA, Washington D. C. 20781.

Canadian Livestock to USSR

In Canada last month a team of Russian buyers and veterinarians selected 590 purebred Hereford cattle and 65 Lacombe hogs under the largest single sale of Canadian cattle yet made to the Soviet Union, and the first of Lacombe hogs.

The cattle sale of 430 heifers and 160 bulls was negotiated this past spring by the Alberta Hereford Association and the Soviet Embassy for C$250,000 (US$231,000).

The Hereford breed, introduced into the USSR many years ago, has apparently become degenerate and the imports from Canada are designed to "reintroduce the breed and provide new blood." Over the past 4 years, the USSR has bought some 1,200 purebred Canadian Herefords.

The Lacombe hogs, sold by the Canadian Lacombe Breeders Association, are a relatively new breed developed in Alberta, reputed to be longer and leaner.

Australia Imposes Levies on Livestock Slaughter

The recently reconstituted Australian Meat Board will recommend to the Minister for Primary Industry a slaughter levy of 3 shillings 3 pence (37 U.S. cents) per head on cattle and 1½ pence (1.4 cents) per head on sheep and lambs and that these levies become effective August 1, 1964. Accumulations from the slaughter tax will be used to promote meat sales both at home and abroad and for research programs benefiting livestock producers.

The Meat Industry Act of 1964 authorizes a maximum slaughter levy of 7 shillings 6 pence per head on all cattle over 200 pounds, dressed weight, and 9 pence per head on sheep and lambs. It is expected that the Minister will approve the lower levy recommended by the Board.

Of the recommended levy on cattle, 1 shilling 3 pence would go toward Board operations and 2 shillings to the Cattle and Beef Research Committee. The levy on sheep and lambs would all be available to the Board, as there are no provisions as yet for sheep meat research.

The Board has not announced an estimate of what the levy is expected to total during the fiscal year. However, using 1962-63 data, the levy would have raised the equivalent of US$1.5 million on 4.2 million head of cattle and US$476,000 on 34 million head of sheep. The Board, then, might expect a fiscal year return of about US$1 million to finance its operations, including foreign market development, and nearly US$1 million for the activities of the Cattle and Beef Research Committee.

U.S. Imports of Meat and Meat Products Down

U.S. imports of all types of meat and most meat by-products in May continued below a year earlier.

Imports of red meats totaled only 74 million pounds compared with 116 million in May 1963. Beef and veal entries were off by 41 percent, to only 53 million pounds, and were the second smallest for any month since May 1962.

For the first 5 months of 1964, total red meat imports were 444 million pounds, 18 percent below those in the 1963 period. Imports of beef and veal, at 332 million pounds, were down by 71 million pounds or 18 percent. Takings of mutton and goat meat were off 21 percent, lamb, about 50 percent, and pork, 8 percent.

Imports from the four leading suppliers of red meats declined substantially, with takings from Australia down 12 percent; from New Zealand, 21 percent; from Ireland, 45 percent; and from Mexico, 23 percent. Other countries supplied 13 percent less.

January-May arrivals of mutton and goat meat were 21 percent less than a year earlier and imports of lamb were about one-half as large. Pork was down 8 percent.

Imports of wool are continuing lower this year, reflecting reduced mill consumption in the United States.

Imports of all types of bovine hides and skins were below last year's, both in May and in January-May, reflecting increased cattle slaughter in the United States. However, arrivals of sheep, lamb, goat, and kid skins have been larger, reflecting lower sheep and lamb slaughter in the United States and strong demand for these leathers for shoe linings.

Imports of cattle from both Mexico and Canada were also down substantially this year.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
(Product weight basis)

Item	May		January-May	
	1963	1964	1963	1964
Red meats:				
Beef and veal:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Fresh and frozen bone-in	1,756	711	8,434	6,782
Fresh and frozen boneless	73,632	45,746	331,142	278,147
Canned, including corned	10,519	3,329	44,411	34,422
Pickled and cured	77	24	220	129
Beef sausage	--	455	--	1,754
Other beef	2,266	778	11,330	3,267
Veal, fresh and frozen	2,097	2,065	7,711	7,667
Total beef and veal	90,347	53,108	403,248	332,168
Pork:				
Hams and shoulders canned	12,887	11,543	60,828	58,041
Other pork	6,732	6,148	32,120	28,429
Total pork	19,619	17,691	92,948	86,470
Mutton and goat	4,528	2,591	36,790	20,864
Lamb	1,353	780	9,726	4,889
Total red meat	115,847	74,170	542,712	444,391
Variety meats	193	89	1,068	685
Wool (clean basis):				
Dutiable	8,583	6,478	60,914	40,974
Duty-free	15,538	11,481	72,079	53,354
Total wool	24,121	17,959	132,993	94,328
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	32	33	166	150
Calf	101	24	265	131
Kip	126	97	458	313
Buffalo	91	58	274	212
Sheep and lamb	3,132	3,497	13,956	15,436
Goat and kid	1,515	1,650	6,414	6,544
Horse	61	25	187	190
Pig	148	133	514	742
	Number	*Number*	*Number*	*Number*
Live cattle [2]	74,212	43,774	489,667	281,760

[1] Owing to changes in the tariff schedule, statistics for 1963 and 1964 are not completely comparable. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of Census.

U.K. Lifts Restrictions on Apple Imports

The United Kingdom Board of Trade announced that the restrictions on the import of bottled or canned apples and mixtures of fruit containing apples from the Dollar and Relaxation areas and Japan will be abolished as of August 1.

Formerly, these items had been subject to an import quota of 800,000 pounds sterling, c.i.f., per year.

Canada's Honey Production Up in 1963

Estimates released by the Dominion Bureau of Statistics place Canada's 1963 production of honey at 42.1 million pounds, up 37 percent from the 1962 figure. A higher average yield per colony, 117 pounds, was the principal reason for the increase. The value of the 1963 output is estimated as Can$7,819,000, approximately 52 percent

over the previous crop's value.

The high prices for honey during the marketing year which ended on June 30, 1963, made a deficiency payment unnecessary. From mid-1962 to mid-1963, producers received an average of 13.7 Canadian cents per pound for White No. 1 grade extracted honey, 1.1 cents above the 1961-62 average price. The support price in both marketing years was 13.5 Canadian cents per pound.

The wholesale price of honey continued to climb during the marketing year which ended on June 30, 1964, despite the increased output. Earlier, the relatively high prices of sugar and jams prompted increased domestic consumption of honey, while recently there has been a trend toward larger exports. In the last half of 1963, honey exports totaled about 3 million pounds.

Present indications point to a further increase in production in 1964.

U.S. Coffee Imports Down in May

Gross imports of green coffee into the United States in May 1964 totaled 1.6 million bags, valued at $84.2 million, compared with 1.8 million bags at $70.8 million in May 1963. The data for May 1964 represent a decline of 11 percent in quantity and an increase of 19 percent in value from the corresponding 1963 figures. Of the total import volume, African countries as a group accounted for 43.9 percent, as compared with 18.9 percent for Brazil, and 13.6 percent for Colombia.

Total imports for January-May 1964 were 10.5 million bags, valued at $522.5 million, compared with 9.7 million bags, valued at $380.5 million, for the first 5 months of 1963. These were increases of 8.3 percent and 37.3 percent, respectively, in quantity and value.

In calendar 1963, gross imports of green coffee totaled 23.8 million bags, valued at $954.9 million. Brazil was the principal supplier, with 38.9 percent of the total, followed by African countries, 21.2; Colombia, 16.5; and Guatemala, 4.5. Re-exports of green coffee in 1963 totaled 480,000 bags, of which about 90 percent went to Canada.

U.S. Cocoa Bean Grind Smaller

U.S. grindings of cocoa beans in the first 6 months of 1964 totaled 289.7 million pounds—nearly 4 million below those in the 1963 period. Although the total for the second quarter was up slightly—to 138.4 million pounds from 138.0 million—it was offset by the decline in the first quarter—151.3 million against 155.5 million. Last year, U.S. grindings amounted to 583.6 million pounds, nearly one-fourth the world total.

Indonesia To Establish Pepper-Processing Plant

A new pepper-processing plant in Gelukbetung, South Sumatra, is scheduled to begin operations later this year. Machinery for the plant, which will have an annual capacity of over 20 million pounds, is being purchased from the United States.

Prior to the initiation of the confrontation policy toward Malaysia last fall, the bulk of the Indonesian pepper crop was processed and marketed by Singapore merchants. Now the processing and marketing must be done locally and there is hope that the new plant will raise the quality of Indonesia's exports; the low quality in recent months has caused concern among importers.

During 1963, Singapore's traders bought 51.5 million pounds of Indonesian pepper for re-export, compared with 20 million in the previous year. The United States—world's largest pepper consumer—imported 32.8 million pounds of Indonesian pepper last year, most of which was processed and marketed through Singapore.

Australian Wheat Producers Receive Final Payment

Final payments of 8 to 10 cents per bushel were recently made to Australian wheat producers for their 1962-63 crops. This brings the total received by producers to $1.57 a bushel compared with $1.62 for the 1961-62 crop.

According to the Wheat Board Gazette, the 1962-63 pool account was closed the earliest on record—19 months from the date of the first advance. Substantial advance payments on credit sales, primarily to Communist China, was the reason given by the Wheat Board.

A record 286 million bushels were delivered to the 1962-63 pool and 1963-64 crop deliveries have been even larger, 307 million bushels through June 20, 1964.

Greece Changes Olive-Seed Oil Blend Ratio

The Greek Ministry of Commerce in market police order No. 30/64 (July 1964) has authorized the preparation and sale of an olive oil, olive kernel oil, and soybean oil blend. The blended oil is to contain 30 percent olive oil, 30 percent soybean oil, and 40 percent refined degummed olive kernel oil. The previously authorized blend was olive oil and soybean oil (50-50). The new 30-30-40 blended oil will be sold at 14.5 drachmas per kilogram (21.9 U.S. cents per lb.) wholesale, same price as the 50-50 blend.

The new blend was authorized in order to utilize relatively large olive kernel oil stocks now on hand as well as to continue to provide a low-priced oil blend to consumers.

The blended oil will be prepared only for the account of the Greek State by the Olive Growers' Cooperative Organization "Eleourgiki," and/or other olive growers' cooperatives, private or legal entitles under strict government supervision. The drums must be clearly labeled "Greek Government—Blend of Oils and Soybean Oil, Acidity. . . ."

Malay States, Singapore Export Less Copra, Coconut Oil

Net exports of copra and coconut oil from the Malay States and Singapore during January-March totaled 635 long tons (oil basis), compared with 5,746 in the same period of 1963.

Singapore Imposes New Export Regulations

The Government of Singapore on July 6 authorized the exportation of coconut oil to any destination. This replaces the export regulations in force since December 17, 1963, (*Foreign Agriculture*, January 20) under which oil exports were permitted to destinations other than the Malaysian territories provided the oil millers participated in a government scheme for stockpiling coconut oil.

The ban on copra exports to destinations other than the Malaysian territories, in effect since September 27, 1963, was partially lifted as of July 6. Copra re-export is now permitted to the extend of 40 percent of an imported consignment exceeding 20 tons. The purpose of this scheme is to insure that 60 percent of imported consignments are

retained for the local oil-milling industry.

Exports of copra cake and copra waste to destinations other than the Malaysian territories, however, continue to be prohibited.

Suez Canal Shipments Continue To Decline in May

Northbound movements of oil-bearing materials through the Suez Canal in May were 20 percent below those in April (*Foreign Agriculture*, June 22) but were 6 percent above those of May 1963.

Shipments during the first 8 months of the current U.S. marketing year were 3 percent below those of the comparable period last year, reflecting continued sharp declines in tonnages of cottonseed, peanuts, soybeans, and "other" products. Shipments of copra, castorbeans, and palm kernels far exceeded those of last year.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS THROUGH THE SUEZ CANAL

Item	May		October-May	
	1963	1964	1962-63	1963-64
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	--	276	51,886	43,878
Copra	34,295	46,686	476,523	563,931
Peanuts	17,280	27,306	198,858	152,875
Cottonseed	21,745	5,068	164,592	92,081
Flaxseed [2]	6,089	3,848	28,813	28,071
Castorbeans	5,578	7,356	38,512	57,540
Palm kernels	1,577	1,627	18,631	32,495
Others	6,071	5,979	100,877	78,223
Total	92,635	98,146	1,078,692	1,049,094

[1] One metric ton of soybeans equals 36.743333 bu. [2] One metric ton of flaxseed equals 39.367857 bu.

Suez Canal Authority, Cairo, Egypt.

Soybean shipments have declined every month since the 661,100-bushel movement of January, totaling only 10,000 bushels in May. This was one-tenth the shipments in April. The October-May total was 1.6 million bushels compared with 1.9 million in the first 8 months of 1962-63.

NORTHBOUND SHIPMENTS OF SOYBEANS THROUGH THE SUEZ CANAL

Month and quarter	Year beginning October 1				
	1959	1960	1961	1962	1963
	1,000 bu.	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*	*1,000 bu.*
April	4,556	441	231	566	100
May	2,866	184	6	---	10
June	1,213	588	2	7	---
October-December	8,598	919	919	12	19
January-March	13,999	6,062	4,082	1,328	1,484
April-June	8,635	1,213	239	573	---
July-September	2,756	2,756	327	1,585	---
October-September	33,988	10,950	5,567	3,498	---

Totals computed from unrounded numbers.

Suez Canal Authority, Cairo, Egypt.

The Philippines' Production of Minor Oilseeds

Although copra is by far its largest oil-bearing crop, the Philippines is also a minor producer of peanuts, soybeans, castorbeans, kapok seeds, and lumbang nuts. Currently, however, only kapok seeds and lumbang nuts are crushed for oil, which is sold directly to end-users (paint manufacturers); no official data are available on production and consumption.

The 1963-64 peanut crop is estimated at 10,800 metric tons, slightly below the 11,129 tons produced in 1962-63. Lack of rain during July-December 1963 reduced the yield of the wet-season crop (August-September) in some areas. Shifting from the production of peanuts and rice to sugarcane continues, and the areas lost to peanuts since 1962-63 are not expected to be replaced. Moreover, the inability to find an acceptable export market in 1963—when there were no peanut exports for the first time in 10 years—also discouraged expansion of acreage this year. (About 60 percent of 1962's 585 ton export went to the U.S.

Following a decline in production in 1962-63, resulting from low rainfall and shifting to other food crops—mainly sugarcane—soybean production in 1963-64 is expected to recover to about 1961-62's 2,000-ton (73,000 bu.) level.

Demand from the local solvent extraction plant, which started commercial operations in the second quarter of 1963, has generated an interest among farmers in growing soybeans, and future output is expected to trend upward. The bulk of the soybeans crushed in 1963, about 5,000 tons, was from the 12,245 tons (450,000 bu.) imported, largely from the United States.

Castorbeans are grown commercially on the island of Mindanao only. Annual output probably approximates exports, as there is no local castorbean processing plant. Exports, all to Japan, were 239 tons in 1963 and 611 in 1962. The plan to set up a castor processing plant is not expected to materialize this year.

The Philippines depends largely on imports for supplies of industrial fats and fish oils. The United States continues to be the major supplier of tallow and other animal fats, while Norway and Japan are the major sources of fish and whale oils. The country also must depend on imports of oils necessary for soap and paint production. Palm oil and palm kernel oil, largely from Indonesia, are the major vegetable oil imports for soap, while linseed oil, mainly from the United States, is the principal oil used in paint.

West German Cotton Textile Activity Favorable

Activity in most segments of the West German textile industry is expected to continue the upward trend of recent months. Retail sales of finished cotton goods increased consistently during the first 5 months of calendar 1964 and the trend is expected to continue. Spinner yarn stocks are at present relatively low, because of the brisk offtake of yarns by mills under contracts concluded earlier in the season.

The competitive position of the West German textile industry in foreign trade has improved as a result of inflationary trends in West European countries. However, the German Parliament, much to the dislike of the textile industry, has been deliberating on the possibility of unilateral tariff cuts with a view toward dampening the general economic boom and reducing balance of payments surpluses.

Both raw cotton consumption and imports were higher in West Germany during the first 9 months of the 1963-64 season. Despite the unchanged level during the early part of the season, raw cotton consumption for the full 1963-64 season is expected to be 2 or 3 percent above the 1,275,000 bales used in 1962-63. Consumption from August 1963 through April 1964 amounted to 990,000 bales. Total imports for the season, estimated at nearly 1.4 million bales, are expected to exceed last season's imports by nearly 100,000 bales and this season's consumption by a

smaller amount. As a result, stocks by July 31 will likely rise to about 400,000 bales.

During January-April 1964, West Germany exported 14,240 metric tons of cotton textiles, compared with 12,505 in the same months of 1963. Cotton textile imports also increased during this period—to 24,008 tons from 22,083.

The U.S. share of the cotton import market during the first 9 months of the current season amounted to 31 percent, or 359,000 bales, compared with 9 percent, or 89,000 bales, a year ago. Total imports into West Germany in August-April amounted to 1,159,000 bales, or 13 percent above the comparable period of 1962-63.

Quantities imported from major sources, other than the United States, during August-April 1963-64, in thousands of bales with comparable 1962-63 figures in parentheses, were Brazil 191 (179), Sudan 100 (89), Turkey 86 (107), Egypt 65 (40), Peru 64 (83), Mexico 63 (167), the USSR 57 (61), British East Africa 44 (46), Nicaragua 32 (28), Argentina 21 (22), and the Congo 15 (9).

Production, use, and trade of manmade fibers and products are continuing to rise in Germany. Manmade fiber consumption rose to 9,408 metric tons during January-April 1964 from 8,490 in the same period of 1963, while exports of manmades increased to 8,720 tons from 6,945. Manmade fiber consumption amounted to 7,175 tons in August-April of the 1963-64 season, or 25 percent of all fiber consumption. This compares with 6,720 tons, or 24 percent of all fibers used in the 1962-63 period.

Venezuelan Sesame Output Increases

Venezuelan production of sesameseed—that country's most important oilseed—increased from 34,000 short tons in 1963 to an estimated 49,600 in 1964, another record.

Sesame production has more than doubled since 1960, owing mainly to the stimulus of higher prices, increased mechanization, and the use of more certified seed, fertilizers, and insecticides. In 1963 virtually all of the crop was sown and harvested with the aid of some machinery; fertilizer was applied to nearly one-fifth of the crop and insecticides were used on more than 90 percent of it.

Through recent cooperation of industry, producers, and government, a Sesame Foundation has been established to provide technical advice and assistance to producers in seed selection and improved cultivation practices. The government's 4-year program for sesameseed (1963-66) aims at increasing production to 64,000 tons by 1966.

Ecuador's Fats and Oils Imports To Increase

Ecuador's imports of edible and inedible fats and oils are expected to increase to 26,000 metric tons in 1964 following some decline in 1963 from the previous high of 23,100 tons in 1962. This estimate is based on the likelihood of a big decline in the domestic outturn of lard.

In 1963, imports of edible oils declined by more than one-fourth; however, imports from the United States, at over 3,700 tons, were somewhat above the 3,600 tons imported in 1962. The decline largely reflected reduced takings of coconut oil from Ceylon and Malaya. Also, a slight increase in coconut and cottonseed oils from the United States was somewhat offset by a decline in soybean oil.

Imports of inedible tallow rose sharply in 1963 because of increased utilization of this product by the soap industry. Of last year's total, the United States supplied 9,427 tons compared with 8,485 in 1962. Total imports of tallow in 1964 are expected to rise by more than one-third, based on preliminary information from trade sources.

The United States has supplied the bulk of Ecuador's soybean oil and tallow needs for several years. However, since 1961, imports from Europe have increased sharply reflecting lower prices.

ECUADOR'S FATS AND OILS IMPORTS, 1961-63 AND FORECAST 1964

Item	1961	1962	1963 [1]	Forecast 1964 [2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Edible oils:				
Soybean	3.4	4.9	4.8	
Coconut	1.1	4.5	1.8	
Palm	1.8	.5	.2	12.0
Olive	.2	.2	.4	
Hydrogenated [3]	.6	1.4	.5	
Other	.4	.2	.4	
Total	7.5	11.2	8.2	12.0
Inedible fats:				
Tallow	7.3	11.6	12.4	14.0
Grand total	14.8	23.1	20.6	26.0

[1] Preliminary. [2] Unofficial. [3] Type not specified.
Source: *Publications Commerciales* C.A.

Canadian Farmers Expand Flaxseed, Rapeseed Acreages

Canadian farmers in the Prairie Provinces have increased this year's seedings to flaxseed and rapeseed by 14 and 46 percent, respectively, from those of 1963, according to the Dominion Bureau of Statistics' June 1 survey, released July 15. About 97 percent of Canada's flaxseed area and all of its rapeseed is in the Prairie Provinces.

Flaxseed area is estimated at 1,855,000 acres compared with 1,629,000 last year. However, this is 9 percent below the 10-year (1952-61) average.

Rapeseed area, at 699,800 acres, is up by almost one-half from the 478,000 acres seeded in 1963 and is almost double the 10-year average.

India Bans Vegetable Oil Exports

Effective July 11, the Indian Government prohibited exports of a number of edible oils and end products to check the prevailing upward trend of internal oil prices. Commitments made prior to the ban will not be honored.

The following are affected: coconut, cottonseed, peanut, safflowerseed, nigerseed, sesameseed, mustard and rapeseed oils, and salad and hydrogenated oils.

Despite the record production of peanuts in 1963-64, there is an overall shortage of vegetable oils; this shortage has resulted from exports and the decline in the 1963-64 production of sesameseed, rapeseed, and mustardseed (*Foreign Agriculture*, July 13), coupled with the increased needs of India's rising population.

Venezuela Acts To Up Production of Dietetic Milks

The Venezuelan *Gaceta Oficial* recently announced a plan to eventually eliminate imports of dietetic milks, by substituting local production for such imports. In implementing this program, firms desiring to import these milk products have been required to: (a) Submit, prior to July 31, 1964, plans for the manufacture of such dietetics in

Venezuela or show a contract with a local firm for such production; (b) present to the Minister of Development, by November 30, 1964, copies of documents showing the acquisition of land, construction contracts for the factory, and confirmed orders for machinery; and (c) proposed manufacture must begin before June 30, 1965.

Importers who have complied with requirements under Item (a) are to be allowed import licenses during the second half of 1964 equal to half of the licenses obtained in 1963, or of the 1961-62 average. Those who comply with Item (b) will be given the same quantity in licenses for the first half of 1965. During the second half of 1965, import licenses are to be reduced to half of those allowed during the first 6 months. To establish quotas, importers are required to submit an accounting of licenses received in 1963 or in 1961 and 1962.

A committee of government and private officials is to be established to review the domestic production and import situation. Import licenses will be granted for the types of products for which domestic output is deemed insufficient to feed the growing infant population.

Venezuela has been one of the major U.S. export markets for these products, although in recent years, much of the market has been taken by products from the Netherlands, Switzerland, and Denmark. U.S. exports of infant's and dietetic milks to Venezuela in 1963 amounted to over 3.2 million pounds, at a value of over $2.5 million.

Australia's Milk Production Down

Milk production in Australia in the first quarter of 1964, at 3,896 million pounds was 4 percent below the level of the 1963 period. Dry conditions in several of the major dairying areas were mainly responsible for this smaller output.

Milk for fluid consumption increased in this period in line with population growth. The resulting lower supply of milk for the production of dairy products was largely reflected in decreased output of butter and cheese. However, production of some condensery products exceeded January-March 1963, owing to increased demand on both the domestic and export markets.

Output of butter was down 7 percent to 116 million pounds. This decline was attributed mainly to the reduced availability of manufacturing milk.

Production of cheese decreased 5 percent to 29 million pounds. Nonfat dry milk output, at 22 million pounds, was down about 11 percent, largely because of the lower butter manufacture in this period.

Evaporated milk production rose 65 percent to 32 million pounds, condensed milk 10 percent to 27 million, and dried whole milk 7 percent to 11 million.

Belgium Reduces Tobacco Excise Taxes

The Belgian Government on June 1 reduced the excise tax rates on cigarettes from 60.5 percent to 57.5 percent of the retail price. It also reduced from 37 to 34 percent the rates on smoking mixtures, snuff, and dry chewing tobacco but made no change in those on other tobacco products.

The reductions in the excise taxes on cigarettes and smoking mixtures resulted from a request by the Manufacturers' Association (FEDETAB) to readjust the profit margin for manufacturers. The government reduced the tax on cigarettes and permitted the retail price to increase from approximately 24.5 U.S. cents per pack to 27.0, thus giving the manufacturers a slightly larger profit margin.

U.K. Cigarette Imports Down

During January-April 1964, U.K. cigarette exports totaled 7.2 million pounds—down 19 percent from the 8.9 million shipped out in the same period of 1963. Smaller exports to Malaysia, Kuwait, France, Jamaica, and West Germany more than offset increased shipments to Gibraltar, the Netherlands, the Canary Islands, and Hong Kong.

On the other hand, British imports of cigarettes rose sharply, to 344,000 pounds from 217,000 in January-April 1963. The United States, supplying 247,000 pounds, accounted for 72 percent of the total. Other leading suppliers included France, with 46,000 pounds, and the Netherlands, with 23,000.

Brazil Again Increases Cigarette Prices

Brazilian cigarette manufacturers on June 23 instituted a new retail price schedule that increased cigarette prices by 20 to 50 percent, depending on the brand, from those announced on January 2, 1964. On the latter date, prices had also been raised by 20 to 50 percent, from those in effect since September 1, 1963.

Trade sources state that the new increase in prices reflects higher costs of cigarette paper and packaging materials.

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Agriculture and industry: trading partners

(Continued from page 6)

our economy most seriously beset by the problem of adjusting from an economy of scarcity to an economy of abundance.

Agriculture must seek new outlets if it is to expand distribution. New and growing markets abroad are vital. Industry can expand the use of its products by promotion, by advertising, by creating new wants and higher standards of living. But not much can be done to increase the consumption of food in a nation such as ours, where most of our people already eat all they want, and some too much.

So as American agriculture seeks to reduce its stockpiles, as it seeks to meet the challenge of the new age of abundance, it must look to the expansion of markets abroad.

Commensurate reductions in trade barriers

American agriculture has the resources and the ability to make an increasing contribution to feeding and clothing the world. We can enthusiastically accept the necessity of continuing food assistance to less developed peoples under the Food for Peace program; but we must try to meet more and more of the world's needs through commercial sales in world markets.

In order to achieve these increased sales, there must be a minimum number of obstructions in world trade channels; to remove them most effectively, agricultural products and industrial products must be negotiated as a twin package in the Kennedy Round. By so doing, we will have a natural and rational basis for effective bargaining. For it is not the intention of American negotiators at the Kennedy Round to reduce the protection of our own agriculture unless commensurate reductions in trade barriers are made by other nations. The key to our success in selling competitively in world markets lies in our ability to gain access to markets.

In the United States, our farmers have opened the door to an era of agricultural abundance. Now, in Geneva, we are striving to go a step further and improve the rules for making this abundance available to the world's people. The patterns set by the Kennedy Round may be with us for a long time to come.

Must sell as well as buy

The essence of our posture there, at what may be the most fateful bargaining sessions in the history of commerce between nations, was distilled by President Johnson in his first State of the Union Message to Congress:

". . . We must expand world trade. Having recognized in the Act of 1962 that we must buy as well as sell, we now expect our trading partners to recognize that we must sell as well as buy. We are willing to give them competitive access to our market—asking only that they do the same for us."

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